Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of	)
	)
Request of the	)
United States Telephone Association	)
for Waiver of the Commission's Requirements	)
In CC Docket No. 96-128 (Payphone Compensation)	)

PETITION FOR WAIVER OF THE UNITED STATES TELEPHONE ASSOCIATION

INTRODUCTION

The United States Telephone Association ("USTA") hereby requests a waiver or declaratory Order of the Commission's Orders in this proceeding such that local exchange carriers ("LECs") may use existing technologies and methods to provide coding digits that identify payphone calls.[1] USTA requests such relief such that LECs would have up to 9 months to phase in the technologies that will allow them to ensure that proper codes are received by interexchange carriers ("IXCs"). USTA is the principal trade association for the local exchange carrier industry.

Much controversy has been generated in the LEC, IXC, and payphone service provider

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[1] *In the Matter of Implementation of the Pay Telephone Reclassification Order and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, *Report and Order* at 51, ¶98 (released September 20, 1996)("Payphone Report and Order"); *Order on Reconsideration* at 34, ¶64 (released November 8, 1996)("Payphone Reconsideration Order"), or collectively known as the "Payphone Orders."

("PSP") industries by varying interpretations of the Commission's *Payphone Orders* regarding the obligation of LECs to provide coding digits that are then used by IXCs to track payphone calls to compensate PSPs. As the Commission is aware, efforts have been underway to find solutions satisfactory to all parties to vexing implementation issues. Based upon USTA's *ex parte* filings[2] which are attached to this filing, and filings by other parties,[3] it is clear that outstanding issues involving per-call tracking and payphone coding, in addition to the compensation issues, cannot be resolved before the October 7 implementation date. At the center of the debate is the Commission's language in paragraph 64 of its *Payphone Reconsideration Order* concerning the need for specific codes to identify calls as originating from payphones.[4]

A number of USTA's members have been very active on these issues as part of the "LEC ANI Coalition."[5] The LEC ANI Coalition is working directly with the Commission's staff to resolve these issues. USTA, however, is concerned that the remainder of its membership -- the bulk of which are small and mid-size companies -- have not been directly involved in the *ex parte* process over the past few months. These companies are now facing the possibility that

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[2] USTA *Ex parte* Letter dated September 10, 1997 referencing a September 9, 1997 meeting with the Commission's staff; USTA *Ex parte* Letter dated July 28, 1997 which is a follow-up filing to a meeting with Commission staff on June 18, 1997.

[3] *See, e.g.*, LEC ANI Coalition Letter from Michael Kellogg, Esq. (Kellogg Huber Hansen Todd and Evans) to Robert H. Castello, Director, Federal Government Affairs AT&T and Leonard S. Sawicki, Director, FCC Affairs MCI dated September 10, 1997, and AT&T Reply Letter from Richard H. Rubin to Michael Kellogg dated September 15, 1997. Copies of these letters were sent to Commission staffers John Muleta, Michael Carowitz, Rose Crellin, Greg Lipscomb, Jennifer Myers, Al Barna, and Bob Spangler.

[4] *Payphone Reconsideration Order* at 34, ¶64.

[5] The LEC ANI Coalition consists of Ameritech, Bell Atlantic, BellSouth, SBC, US WEST, GTE, and SNET.

there is an FCC mandate taking effect in one week (i.e. on October 7) with which they are incapable of complying. As it has done in the course of its *ex partes*, USTA feels compelled to represent the interests of the bulk of its membership that does not have the expertise or the resources to participate in the Commission's process other than through USTA. USTA's goal is to simply find some practical solution to the dilemma facing these hundreds of companies on October 7.

USTA urges the Commission to permit LECs to provide either FLEX ANI, or OLNS to provide codes to identify payphone calls. This would allow these calls to be identified, but in ways that comport with the technological limitations of LECs. Moreover, LECs with non-equal access switches should be exempt from any requirement that they provide specific payphone identification information until the switches are upgraded or replaced.

Clearly, the per-call tracking capability of carriers receiving coding information varies. But the technical and financial ability of LECs to provide information designed to identify payphone calls for per-call tracking purposes also varies from company to company. LECs should not be required to shoulder the technical, financial, and administrative burdens of providing a specific form of payphone coding information such as Flex ANI when alternative technologies such as OLNS are available and sufficient to meet the per-call tracking obligations of IXCs. Where upgrades or switch replacements are required or voluntarily implemented, LECs will need time to phase in such upgrades or replacements to avoid disruption to their networks, while meeting their obligations to provide codes that identify calls from payphones in which compensation is paid by IXCs to PSPs. Tariffs will also need to be in place to ensure that LECs will fully recover their investments.

Further, USTA requests that the Commission recognize that these services may not be universally available on October 7, and that LECs should be allowed 9 months to phase them into their networks. Time will be needed to turn up and test technology selected by each LEC. This will be a time consuming and resource restricted process that must be undertaken for the over 2 million payphone lines served by more than 26,000 switches. Extensive signaling and database coordination will be required to ensure that the proper codes are transmitted and received by the IXCs for per-call compensation. During the 9 month phase-in period, IXC compensation to the PSPs should still be on a per-call basis, since OLNS is not required in order to track payphone calls.

I. STANDARD OF REVIEW

As the Commission has acknowledged, "Waiver of the Commission's rules is appropriate only if special circumstances warrant a deviation from the general rule and such deviation serves the public interest."[6] The Commission has previously granted waivers in this proceeding.[7]

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[6] *In the Matter of Implementation of the Pay Telephone Reclassification Order and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, Order at 12, ¶23 (released April 4, 1997), *citing Northwest Cellular Telephone Company v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) and *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969); *See also In the Matter of Implementation of the Pay Telephone Reclassification Order and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, *Order* at 11-12, ¶23 (released April 15, 1997).

[7] *See, e.g., In the Matter of Implementation of the Pay Telephone Reclassification Order and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, *Order* (released April 15, 1997)(Commission grants waiver for LECs filing intrastate tariffs); *Order* (released April 4)(Commission grants waiver for LECs filing interstate tariffs).

II. THE RECORD ESTABLISHES SPECIAL CIRCUMSTANCES THAT SUPPORT USTA'S WAIVER REQUEST

USTA seeks a waiver from paragraph 64 of the Commission's *Payphone Reconsideration Order* which provides as follows:

> Each payphone must transmit coding digits that specifically identify it as a payphone, and not merely as a restricted line. We also clarify, pursuant to a request by MCI, that LECs must make available to PSPs, on a tariff basis, such coding digits as a part of the ANI for each payphone. We decline to require PSPs to use COCOT lines, as suggested by the RBOCs, because we have previously found that COCOT service is not available in all jurisdictions.[8]

This passage has been the subject of varying interpretations by LECs, PSPs and IXCs. USTA has no interest in entering into those debates here. Whatever the exact requirements, USTA believes that a waiver is necessary because of the special circumstances that make compliance with the Commission's mandate impossible, and a waiver would serve the public interest by ensuring that per-call tracking and payphone compensation can be implemented in an orderly manner. The special circumstances that warrant a waiver of the requirements in paragraph 64 of the *Payphone Reconsideration Order* are best demonstrated by the Commission's summary of various methods available to LECs to provide what the Commission characterizes as OLS and billed number screening ("BNS") discussed in the Commission's *Third Report and Order* in CC Docket No. 91-35.[9] LECs are required to federally tariff OLS and BNS

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[8] *Payphone Reconsideration Order*, CC Docket No. 96-128 at 34, ¶64.

[9] *In the Matter of Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation*, CC Docket No. 91-35, *Third Report and Order* (released April 5, 1996).

services. The Commission's *Order* acknowledges the current state of affairs:

> Three technologies either deliver OLS service or could be used to do so. First, automatic numbering identification information indicators (ANI II) is a widely used technology that sends a two-digit OLS code along with the ANI, which delivers the billing number for the originating line. Five codes are currently available through the ANI II technology. Some common ANI II codes are 00, to indicate plain old telephone service (POTS), no special treatment needed; 02, ANI failure; 06, Hotel/Motel when room is not automatically identified; and 07, special operator handling required. New Codes, however, cannot be added to the ANI II technology without rewriting the generic switch software and installing the revised version in each switch. The second technology that can be used to provide OLS services is flexible automatic numbering identification (Flex ANI). Flex ANI is more versatile and easily changed than ANI II, but less widely deployed. Flex ANI codes are generated by databases, generally located in end offices, and new codes can be added to the databases without having to rewrite or install different generic switch software. Like ANI II, Flex ANI provides two digit codes that identify the nature of the originating line. Flex ANI can provide all of the codes available through ANI II while also providing additional codes. There are approximately 80 assignable Flex ANI codes and NANPA [North American Numbering Plan Administrator] recently assigned two new Flex ANI codes, 29 for prison/inmate service and 70 for private payphones. Under the less discriminating ANI II system, those phones would generally be included in the larger 06 or 07 categories. The third technology is the line information data base (LIDB). LIDB is offered through regional data bases called service control points (SCPs), which provide a variety of database services. Although LIDB is not currently capable of providing OLS, several LECs are planning to modify LIDB to do so.

> BNS is a service that informs OSPs [Operator Services Providers] of billing restrictions that apply to the line to which a collect or third-party call is to be billed. OSPs order BNS service when they purchase LIDB service.[10]

The Commission's Order in CC Docket No. 91-35 mandates that LECs "must provide a screening code that discretely identifies privately owned payphones and must provide such other codes as are necessary to identify various other types of aggregator locations."[11] What is self-evident, however, from the Commission's review of OLS and BNS deployment by LECs is that LEC industry tariffs identified under the acronym OLNS are an acceptable alternative to Flex ANI and some LECs will require it permanently. Therefore, the capability of LECs to provide specific codes for per-call tracking varies greatly among LECs, and when coupled with the IXCs' acknowledged differences in per-call tracking capabilities, and the confusion engendered by varying interpretations of paragraph 64 of the *Payphone Reconsideration Order*, the Commission can recognize the need for both clarification and waiver by October 7.

Nearly 1,400 LECs provide telephone service in the United States. Some carriers deploy Flex ANI, while other LECs subscribe to OLNS. Similarly, the capacity of IXCs to interface with a particular LEC technology varies greatly. As the Commission explained in its *Payphone Orders*, "Based upon the information in the record, we conclude that the requisite technology exists for IXCs to track calls for payphones. We recognize, however, that tracking capabilities

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10 *Third Report and Order*, CC Docket No. 91-35 at 12-13, ¶¶19-20.

11 *Id.* at 21, ¶34.

vary from carrier to carrier ...."[12] The Commission concluded that "To this end, we agree with the RBOCs and conclude that no standardized technology for tracking calls is necessary."[13]

Under the circumstances, it is impossible for nearly 1,400 large, mid-size, small, rural and urban LECs to be expected to deploy a standardized technology that will uniformly provide specific codes that will identify payphone calls when the needs of the requesting carriers are different. USTA requests that LECs be permitted to deploy either Flex ANI, or OLNS to identify payphone calls for purposes of per-call tracking. In addition, because of the confusion generated by varying interpretations of the Commission's *Payphone Orders*, LECs should be granted a 9 month extension from the date of the Commission's Order in response to this wavier petition to deploy their selected technology.

In two *ex parte* documents,[14] and in comments in the Commission's remand proceeding,[15] USTA describes the technological difficulties and financial obligations that must be undertaken to implement the Commission's requirements if paragraph 64 of the *Payphone Reconsideration Order* is read to mandate that LECs provide specific codes that identify payphone calls for per-call compensation. This reading of paragraph 64 ignores the fact that LECs use different

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[12] *Payphone Report and Order* at 50, ¶96; *Payphone Reconsideration Order* at 46, ¶¶93, 99.

[13] *Payphone Report and Order* at 51, ¶97; *Payphone Reconsideration Order* at 46, ¶¶93, 99.

[14] USTA *Ex-parte filings* July 28, 1997 and September 9, 1997.

[15] USTA Comments filed in response to *Public Notice* DA 97-1673 released August 26, 1997 regarding *Illinois Public Telecommunications Ass'n v. FCC*, No. 96-1394 (D.C. Cir. July 1, 1997), *supplemental opinion*, (D.C. Cir. September 16, 1997)(the Court vacates the Commission's compensation scheme).

technologies, which cannot all be deployed by October 7, to provide specific codes to identify payphone calls. Moreover, a single nationwide coding system cannot be made available without significant replacements and/or upgrades to existing LEC switches and networks which will take years to accomplish and significant expenditures to implement.

III. USTA'S *EX PARTE* FILINGS PROVIDE UNCHALLENGED EVIDENCE IN SUPPORT OF A WAIVER

On July 28, 1997, USTA filed an *ex parte* document that detailed the technical problems faced by its members in providing specific codes for per-call tracking of payphone calls. As USTA stated, 1,100 non-equal access electro-mechanical switches would have to be replaced, and 3,400 digital, non-equal access switches, which primarily serve rural communities, would have to be upgraded to equal access switches at a cost of $559 million.[16] Such expenditures would have a devastating financial impact on LECs serving these communities. In addition, the 4,500 switches that are replaced or upgraded to equal access switches must also be equipped to provide ANI II digit pairs 29 and 70. USTA calculates that implementing Flex ANI in the replaced or upgraded switches will cost $40.5 million.[17] In addition, implementing Flex ANI in the switches that are currently equal access capable would cost an estimated $171 million. Thus, replacing or upgrading non-equal access switches and implementing Flex ANI will cost $770.5

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[16] USTA *Ex Parte* at 4.

[17] *Id.* at 6-7.

million.[18] Alternatively, the cost to replace or upgrade the non-equal access switches and "hard code" ANI II pairs 29 and 70 would cost $1 billion, $35 million.[19]

AT&T supports a limited waiver for LEC non-equal access switches. As stated in its Reply Comments:

> AT&T would support a waiver request from non-equal access LECs that would permit PSP phones served by their switches to continue to receive per-phone compensation, as occurred when AT&T received its waiver to pay per-call compensation for dial-around calls. Such a waiver would, however, require a new traffic study which tracks the average number of monthly compensable calls from such phones, which may be quite different from the national average. Such waivers should continue only for as long as the LECs' switches are not upgraded for equal access. Moreover, the total compensation payable for payphones in areas subject to such waivers should be reduced to reflect the additional expenses carriers would incur in managing an otherwise unnecessary call tracking methodology.[20]

The Commission, however, needs to take comprehensive action by granting a blanket waiver for all LECs to permit them to use available technology to provide necessary information that will identify a payphone call. As part of the waiver, LECs should be granted the option to take as long as 9 months to implement their selected technology. Only a waiver that permits all LECs to make decisions on how best to provide coding information to IXCs, and grants sufficient time to implement these decisions, plus recognition of the limitations that apply to non-equal access switches, will solve the confusion regarding paragraph 64 of the *Payphone*

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[18] *Id.*

[19] *Id.*

[20] AT&T Reply Comments in CC Docket No. 96-128 at 31-32, note 78 (September 9, 1997).

Reconsideration Order.

CONCLUSION

For the foregoing reasons, USTA respectfully requests that the Commission grant a waiver of the requirements of paragraph 64 of the *Payphone Reconsideration Order* and issue a declaratory Order so that (1) LECs may use whatever technology they select for digital, equal access switches to provide information that will permit IXCs to track payphone calls in order to compensate PSPs; (2) that LECs will have 9 months in which to phase in their selected technology; and (3) LEC non-equal access switches will be exempt from providing payphone identification information until the switches are replaced or upgraded for equal access.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

September 30, 1997 By: 

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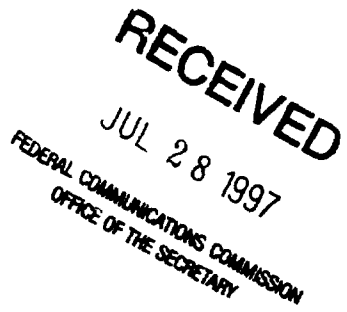

***Ex parte* Notice**

July 28, 1997

William Caton
Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

RE: CC Docket No. 96-128, Pay Telephone Compensation

Dear Mr. Caton:

Attached is an *ex parte* filing made to Michael Carowitz of the Common Carrier Bureau Enforcement Division as a follow-up to USTA's meeting on June 18, 1997, referenced in our June 19, 1997 *Ex parte* notice.

Should you have any questions, please do not hesitate to contact me at 202-326-7310.

Respectfully submitted,

Keith Townsend
Director, Regulatory Affairs & Counsel

cc: Michael Carowitz
Greg Lipscomb
Al Barna
Rose Crellin
Robert Spangler

***Ex parte* Notice**

July 28, 1997

Michael Carowitz
Federal Communications Commission
Common Carrier Bureau
Enforcement Division
1250 23rd Street, NW
Washington, DC 20554

RE: CC Docket No. 96-128, Pay Telephone Compensation

Dear Mr. Carowitz:

As a follow-up to USTA's *ex parte* meeting with Commission staff on June 18, 1997, attached is a financial assessment of the cost of implementing codes to identify pay phones subject to compensation.

Please do not hesitate to contact me at 202-326-7310 with any questions or comments.

Respectfully submitted,

Keith Townsend
Director - Regulatory Affairs & Counsel

cc: William Caton
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USTA *EX PARTE*

CC Docket No. 96-128, Pay Telephone Compensation

At our Ex Parte meeting with your office on June 18,1997, FCC staff requested that USTA provide information concerning the impact on the LEC industry in complying with paragraph 64 of the Reconsideration Order on Payphone Compensation. Specifically, "Each payphone must transmit coding digits that specifically identify it as a payphone, and not merely as a restricted line." The following white paper provides background information on ANI operation, payphone operation and the impacts of paragraph 64 of the reconsideration order.

BASIC ANI OPERATION:

ANI (Automatic Number Identification) ii digit pairs are used to provide information about the originating line, or class of service, to network elements (e.g. end offices, operator services systems, etc.) to be used in processing the call. ANI Information Digits (ANI ii) are sent to Operator Service Providers (OSPs) and Interexchange Carriers (IXCs) via connecting facilities using standard Equal Access ANI ii format. ANI ii digits are compatible with all types of signaling except pre-equal access Bell I signaling; ANI ii codes can be passed to IXCs or OSPs over Feature Group D or Equal Access Operator Services Signaling (EAOSS) trunks. There were 9 ANI ii pairs (all hard coded) initially defined with equal access signaling in 1983. Since that time, an additional 17 ANI ii pairs have been defined but only a limited number of those have actually been deployed and none on an industry-wide basis.

Bell I signaling must be used with non-equal access switches and uses a single information digit to identify classes of service having unique characteristics that require special treatment; coin control signaling requirements are indicated by ST (start) and STP (stop) indicators embedded in the Bell I signaling stream. This type of signaling, while still used in non-Equal Access offices, is incompatible with and cannot be modified to include ANI ii digit transmission.

EAOSS eliminates the ST and STP used in Bell I (non-equal access) signaling protocols to indicate coin signaling requirements. Hard coded ANI ii digit pair 27 is assigned to indicate special coin control requirements and hard coded ANI ii pair 07 to indicate originating lines (for example those used by "smart" pay phones or hospital patient services) requiring special billing or operator handling. Hard coded ANI ii digit pairs such as 00, 01, 02 and 06 are assigned to indicate unrestricted, multiparty, ANI malfunction and some hotel/motel services respectively. Hard coded ANI ii digits cannot be added or changed without significant switch modifications. The level of difficulty and expense varies among different types and vintages of switches.

BASIC PAY PHONE OPERATION:

The two basic types of pay phones, electro-mechanical ("dumb" sets) and microprocessor controlled ("smart" sets) used in North America interact very differently with the telephone

network. The "dumb" pay phones that comprise much of North America's embedded pay phone base are directly controlled by special signaling provided by the network; this is termed "coin control signaling". Access lines providing coin control signaling of this type are referred to as coin control signaling access lines (CCSAL). Collection and return of coins in "dumb" sets is controlled by network signals. The network also depends on signals from "dumb" pay phones to recognize that required coin deposits are present in the pay phone. The "dumb" sets cannot function properly on service lines that are not equipped to provide and receive the specialized signaling required for "dumb" payphones.

"Smart" or "coinless" payphones are connected to service lines that utilize standard terminal equipment protocols (typically B1 lines). These lines do not have any capabilities to provide and receive control signals required by "dumb" payphones. For the purpose of this document, access lines of this type are referred to as non-coin control signaling pay phone access lines (NCCSPPAL). "Smart" and "coinless" pay phones are incompatible with the network-based coin control signaling required by "dumb" pay phones. The "smart" pay phones accomplish coin collection and return functions for local and sent paid (1+) toll calls internally via microprocessor based functions including coin detection, coin collection/return and dialed digit analysis for rating. It can be seen that they operate independently from the network functions. Local and sent paid (1+) calls are not possible from "smart" sets on network based coin control signaling access lines (CCSAL) because these sets cannot signal the network that the required coin deposit is present in the set.

Depending on the technical and service characteristics of lines served by equal access end offices[1], different ANI ii digits are assigned to each line. When calls are originated from a line, the serving central office sends the assigned ANI ii digit pair as part of the signaling stream to facilities connecting to the switch. Analysis of the ANI ii digits in combination with the telephone number of the originating line and an analysis of dialed digits can be used to determine the treatment accorded to each call. Because of their fundamentally different operating characteristics, it would be impossible to identify all payphone lines with a single ANI ii digit pair. In order to make such identification possible, extensive network modifications would be required to alter the means by which special originating line operating requirements, such as coin control, are communicated to various network elements for call processing purposes, as well as to redefine the actions necessary on receipt of the ANI ii digits.

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[1] Non-equal Access end offices also send ANI digits, but only a single digit is supported, and the signaling format is different compared to equal access. (See previous discussion).

Within the industry, the Industry Numbering Committee (INC)[2] establishes the definitions that apply to each pair of ANI ii digits. The ANI ii Task Force has concluded, based in large part on AT&T's contribution, that a single pair of ANI ii digits does not meet the overall requirements for unique pay phone identification for per call compensation (PCC). Whether or not to implement a new ANI ii pair and the method of implementation (hard coding or FLEX ANI) is determined by the individual company based on its own business strategy and arrangements with other carriers.

Flex ANI has been developed by switch manufacturers as an alternative to the difficulty of implementing new hard coded ANI ii digit pair assignments. When Flex ANI is offered by the LEC, it is designed to be activated on a per CIC (carrier identification code) basis when specified by the IXC. The ability to offer Flex ANI on a carrier-specific basis anticipated that some IXCs would choose not to use Flex ANI. New or revised ANI ii pair assignments can be added by the LEC to end office switches equipped with Flex ANI. These new digits are transmitted only to IXCs that have specified Flex ANI for their facilities. Only one set of Flex ANI ii digit pairs can be specified per end office switch, therefore, all IXCs subscribing to Flex ANI ii from a given switch will receive the same set of ANI ii digit pairs.

ANI ii digit pair 27 for CCSAL (coin control) was initially assigned with equal access in 1983. Since then, ANI ii digits 70 and 29 have been assigned to NCCSPPAL (non coin control) and inmate lines respectively by NANPA (INC). Flex ANI facilitates the use of these ANI ii digits to assure reliable and unique identification of pay phones for PCC and fraud control purposes. The use of Flex ANI to implement new ANI ii pair assignments eliminates the ambiguity of identifying both non coin control pay phone lines (NCCSPPAL) and other types of services such as some hotel/motel, hospital, dormitory and some cellular services with the same standard ANI ii digits 07[3].

As with hard coded ANI ii, Flex ANI ii digits are sent to LECs and IXCs via connecting facilities using standard Equal Access ANI ii format but on an optional basis per carrier per end office switch. Also, like hard coded ANI ii, Flex ANI is compatible with all types of signaling except

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[2] The Industry Numbering Committee (INC) is one of the many consensus forums operating in the industry to resolve issues of concern. INC operates under the governance of the Carrier Liaison Committee (CLC). These forums are sponsored by the Alliance for Telecommunications Industry Solutions (ATIS).

[3] In the non equal access environment, 7 was the digit used for this broad spectrum of lines. With equal access, the equivalent identifier 07 was assigned.

pre-equal access Bell I signaling. Therefore, any switch capable of receiving equal access signaling compatible ANI ii pairs is able to receive the Flex ANI implemented ANI ii digits.

Bellcore (BCR) has issued a generic requirements document defining assignment of these digits, TR-TSY-00685 "Flexible ANI Information Digit Assignment, FDS 20-20-0100". The burden of equipping each and every end office to provide the capability to send these digits would vary widely; switches not capable of equal access operation would have to be replaced. Many vendors, including Lucent, Nortel, and Siemens offer Flex ANI operation that meets the BCR specification for their switch product line, but not all switches have been equipped for Flex ANI. The Nortel and Lucent operator service (OS) platforms are capable of using Flex ANI. The use of Flex ANI does not affect the technical aspects of pay phone operation.

IMPACT OF PROVIDING ONLY ANI ii SPECIFIC DIGITS:

The major impact of complying with paragraph 64 of The Payphone Reconsideration Order, specifically, "Each payphone must transmit coding digits that specifically identify it as a payphone, and not merely as a restricted line.", is the requirement that would require replacement of all non-equal access offices. According to the NECA 4 tariff, there are 4,500 non-equal access offices, 1,100 of those are electro-mechanical (SXS and X-Bar). All of the electro-mechanical offices would have to be replaced at an average cost of $400,000 per switch (1,100 X $400,000 = $440 Million). In addition, all of the digital non-equal access offices would have to be upgraded to equal access at an average cost of $35,000 per switch (3,400 X $35,000 = $119 Million).

These costs to upgrade existing digital switches is based on the presumption that they have been continuously upgraded during their service lives so that they can be equipped for ANI ii. If additional software generics would have to be installed, the costs for those switches would be increased. The costs quoted here are optimistic, because we believe that all existing switches have not been continuously upgraded. These assumptions yield a total of $559 Million to upgrade non-equal access offices to equal access status.

A major concern is that almost all of the offices involved serve rural communities, serve few if any smart payphones, and most do not have prisons located in their serving territory.

After switch change out or equal access upgrade, each of the 4,500 switches that would now be equipped for equal access would then have to be either hard coded with the additional ANI ii digit pairs 29 and 70 (27 is hard coded with equal access upgrade) or further upgraded to provide Flex ANI. The pricing information USTA has received for Flex ANI has varied from $4,000 to $14,000 per switch depending on the vendor. If we assume an average cost of $9,000 per switch (this assumes the switch is at the required software generic and no further implementation

charges apply), the cost for FLEX ANI would be ($9,000 X 4,500 = $40.5 Million). In addition, all existing equal access switches (21,959 per NECA 4 tariff) would have to be equipped with FLEX ANI ($9,000 X 21,959 = $198 Million). USTA believes that about 3,000 existing offices are now equipped for FLEX ANI; that would reduce the estimate by ($9,000 X 3,000 = $27 Million) or a total of $198 - $27 = $171 Million.

The total industry cost for FLEX ANI is $770.5 Million. [Non-equal Access Upgrades ($559 Million) plus FLEX ANI Upgrades ($171 Million) = $770.5 Million]

An alternative to FLEX ANI would be to hard code ANI ii pairs 29 for prison payphones and 70 for "smart" payphones (27 is already hard coded with equal access). The pricing information USTA has received for hard coding these ANI ii digits in existing equal access offices has varied from $8,000 to $29,000 per switch depending on the vendor. Assuming that the average cost is $18,000 the cost would be ($18,000 X 26,457 = 476.2 Million). This capability would have to be provided with a future switch generic or switch release; therefore, we know that at least one generic or switch release upgrade would be required as a prerequisite for this option.

The total industry cost for hard coded ANI ii is $1,035 Million. [Non-equal Acess Upgrades ($559 Million) plus hard-coded ANI ($476 Million) = $1,035 Million]

GENERIC UPGRADE CONCERNS

An assumption was made in developing these costs that in every case where a switch needed to be upgraded to provide equal access, FLEX ANI, or Hard Coded ANI ii Digit capability, the switch was at the proper generic or release. The result is that the total cost identified for scenario 1 and scenario 2 only identify those costs directly related to the features mentioned above and do not reflect the cost for additional feature included in the generic upgrades or new releases.

In the case of hard coding ANI ii Digits 29 an 70, this capability can only be provided with a future generic or release. The future generic or release will most likely provide additional capabilities, however, these additional capabilities may not be needed or usable. The typical cost for a generic upgrade or new release range from $125,000 to $500,000 depending on the hardware and software required. Even using the low end cost, the industry would be required to expend over $3 Billion for some features and services which may not be needed or usable. Even the figure of $3 Billion could be significantly understated because it assumes that only a single generic upgrade or release is required. Some switches would require multiple upgrades.

USTA *EX PARTE*

CC Docket No. 96-128, Pay Telephone Compensation

ANI ii Only Alternatives

	Non-Equal Access Electro Mechanical	Non-Equal Access Digital	Equal Access	Total
Number of Switches	1,100	3,400	21,959	26,459
Existing ANI capability	7	7	07 and 27	
Upgrade to Equal Access	$440 Million for new switches	$119 Million for generic upgrade	N/A	$559 Million
Scenario 1- hard coding ANI ii 29 and 70	$440 Million for new switch equipped with equal access. $19.8 Million for hard coding ANI ii 29 and 70	$119 Million For upgrade to equal access $61.6 Million for hard coding ANI ii 29 and 70	$395.2 Million for hard coding ANI ii 29 and 70	$1,035 Million

Scenario 2 - using Flex ANI to provide ANI ii 27, 29 and 70	$440 Million for new switch equipped with equal access $9.9 Million for FLEX ANI	$119 Million for upgrade to equal access $30.6 Million for FLEX ANI	$171 Million for FLEX ANI	$770 Million

COPY

***Ex parte* Notice**

September 10, 1997

William F. Caton, Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: **CC Docket No. 96-128, Pay Telephone Compensation**

Dear Mr. Caton:

On September 9, 1997, a USTA delegation met with Robert Spangler, Rose Crellin, and Greg Lipscomb of the FCC to discuss issues in the attached document involving the above-referenced proceeding. USTA's delegation consisted of Paul Hart and Keith Townsend.

Please do not hesitate to contact me at 202-326-7310 with any questions.

Respectfully submitted,

Keith Townsend
Director, Legal & Regulatory Affairs
and Counsel

cc: Robert Spangler
Rose Crellin
Greg Lipscomb

1401 H ST NW STE 600 | WASHINGTON DC 20005-2164 | TEL 202.326.7300 | FAX 202.326.7333 | INT www.usta.org

USTA's CONCERNS ABOUT RESOLUTION OF THE PAYPHONE COMPENSATION ISSUE

- USTA's EX PARTE FILING ON JULY 28, 1997
  - THERE ARE APPROX. 1100 NON-EQUAL ACCESS ELECTRO MECHANICAL SWITCHES REMAINING IN THE NETWORK
  - THERE ARE APPROX. 3400 NON-EQUAL ACCESS DIGITAL SWITCHES IN THE NETWORK
  - THERE ARE APPROX. 22000 EQUAL ACCESS OFFICES IN THE NETWORK
- ADDITIONAL PERSPECTIVES:
  - MANY OF THE 4500 E/M AND DIGITAL SWITCHES ARE VERY SMALL
  - FOR NON-EQUAL ACCESS END OFFICES, DIAL-AROUND CALLS CANNOT BE MADE, BUT SUBSCRIBER 800 CALLS CAN
  - UNLIKELY THAT MANY OF THEM HAVE PAYPHONES PROVIDED BY OTHER THAN THE SERVING TELCO
  - MANY EQUAL ACCESS END OFFICES ARE VERY SMALL - USTA BELIEVES THERE ARE APPROX.

1950 EQUAL ACCESS OFFICES WITH LESS THAN 1000 LINES.

- THE COST OF EQUIPPING MOST OF THESE OFFICES TO PROVIDE FLEX ANI IS SUCH THAT COST RECOVERY CANNOT BE CONTEMPLATED

  - MANY SMALL COMPANIES MUST HAVE THE LONG TERM OPTION TO USE OLNS/LIDB TO QUALIFY PAYPHONE OPERATORS SERVED BY THOSE SWITCHES FOR PER CALL COMPENSATION

  - SOME ACCOMMODATION WILL BE REQUIRED IN THE SHORT TERM BECAUSE OF TECHNICAL INABILITY TO IMPLEMENT OLNS IMMEDIATELY

  - WE BELIEVE MOST OF OUR MEMBER COMPANIES DO PROVIDE LEC ANI LISTS - SOME MAY NOT BE IN ELECTRONIC FORM

  - USTA MAY WISH TO FILE A WAIVER ON BEHALF OF ITS MEMBER COMPANIES OPERATING SUCH SWITCHES

- ANY SUCH WAIVER MUST BE FILED EXPEDITIOUSLY BECAUSE OF THE OCTOBER 7 EFFECTIVE DATE.

- THE COMMISSION MUST BE AWARE OF RELATIONSHIPS IN THE INDUSTRY THAT WILL INCLUDE UNIQUE ISSUES THAT MUST BE RESOLVED